



So your outsourced provider's meeting their SLAs, but complaints are on the rise?

Many companies would like to reap the benefits of outsourcing, but are nervous about the quality of service they will get and issues associated with losing touch with their customers. As such, it would seem sensible for companies planning to outsource parts of their business to document at length what is required of the outsourced provider so that there is a contractual obligation to deliver a clearly-understood minimum acceptable level of service for the company within defined and agreed cost parameters. In this article, Alison J Widdup explores why things go wrong and proposes a better way of working in partnership with your outsourcer.

When things go wrong...

When companies outsource elements of their business, there is generally no effective mechanism whereby the two organisations work together. Rather, the outsourced operation is managed from a distance by senior people under the terms of this contract (these are commonly known as service level agreements or SLAs). The thinking behind their development is well intended, but it is rare that SLAs achieve what they set out to.

Complaints can be rife, even when an outsourcer is meeting its SLAs: this can result in an adverse impact on the bottom line, as well as lots of unhappy customers!

BUT IF THIS WERE YOUR COMPANY OR OUTSOURCED PROVIDER, WOULD YOU REALLY KNOW WHAT TO DO TO ADDRESS THE PROBLEM?





Complaints

efficient service to their customers on their behalf.

So why don't SLAs work?

Regrettably, the SLAs aren't linked to the needs or wants of the customer which that operation exists to serve. SLAs measure things that are of little consequence to the individual customer, such as call durations or average abandoned rates, and force the managers and team leaders of the outsourced provider to focus on productivity – to demonstrate they are delivering a quality service and value for money.

Before taking steps to use SLAs, volumes of complaints and financial service penalties, as a stick with which to beat their outsourced provider, companies should consider the impact of such action on customer service. They should pause to think, take stock and contemplate how they might develop a longer term, more customer centric approach to their outsourced relationships.

It's a sad fact, but if you answered that question honestly, you probably would have said 'no', and you wouldn't be alone!

How (not) to fix it...

Often, solutions based on reason, such as delivering customer care programmes, training people, or changing procedures are proposed to tackle issues of increasing levels of customer dissatisfaction. Such ideas seem sensible, since after all, most people would agree wholeheartedly that all organisations need to care about their customers, and well-trained staff who are following the appropriate procedures are best placed to deliver excellent service.

Unfortunately, whilst approaches like these to dealing with the problem of customer complaints might appear to improve service quality for a short period of time, none of these lines of attack will be effective in the long run, in view of the fact that they don't address the root cause of the matter.

This is because an integral part of the problem lies with the very service level agreements that are put in place by the company to ensure their outsourced provider delivers a quality,

- analysing this data in order to work together to make improvements to the service delivered.
- reviewing the success of service improvements by measuring improvement in the performance against these new "*customer measures*".
- Finally, the relationship between company and outsourcer needs to be open and honest, so that any issues, in terms of either the quality of service or the relationship itself, can be raised frankly by either side and addressed without fear of reprisal or antagonism.

Conclusions: a better way to work together?

In summary, companies feel they need the security afforded by SLAs to protect them against ineffective outsourced providers. Unfortunately, such SLAs tend to achieve the reverse of the desired outcome, and the natural response by many companies is to fight their outsourced provider contractually.

However, there is a better way:

Company and outsourced provider working together as partners, to deliver an optimal quality service, is the most cost-effective and sensible way to run an outsourced service relationship; and by listening to what customers say, and measuring the things that matter to them, an outsourced service provider won't go far wrong! **S**

So what should be done?

By encouraging their outsourced provider to work to understand what customers are saying when they contact them, customer needs and how best to meet them, and assessing aspects of service delivery that are of importance to customers, a company can really make a difference. They can enable their outsourced provider to deliver world class service on their behalf!

In essence this means that a mutuality to the relationship between company and outsourcer should be developed, and they should be committed to working together with the shared goal of delivering excellent service to the end customer.

In this context, both parties have to understand who is responsible for what, and should develop and use a continuous improvement framework for:

- effectively measuring service delivery by genuinely focusing on what matters to customers (in terms of, for example, the type and frequency and variation of demands in to the service provider, and the capability of the outsourcer's response to those demands – how well are they delivering what your customers are asking for?);



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The company has set up an ethical contact centre in Bradford, which challenges traditional beliefs and approaches, addresses the industry problems of escalating costs, worsening customer service and poor morale, meaning àreté can compete on both cost and quality with cheaper offshore locations!